

**ASSEMBLY BILL**

**No. 1283**

**Introduced by Assembly Member Cohn**

February 21, 2003

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An act to add and repeal Article 17 (commencing with Section 18881) of Chapter 3 of Part 10.2 of Division 2 of, the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1283, as introduced, Cohn. Taxpayer contributions: California Arts Council Fund.

Provisions relating to the administration of personal income taxes allow individual taxpayers to contribute amounts in excess of their tax liability for the support of specified funds or accounts.

This bill would additionally allow taxpayers to designate on their tax returns that a specified amount in excess of their tax liability be transferred to the California Arts Council Fund, which would be created by this bill. This bill would provide that all money contributed to the fund pursuant to these provisions would be subject to appropriation by the Legislature, as specified.

This bill would also provide that these voluntary contribution provisions are repealed on January 1 of the 5th taxable year following the taxable year the fund first appears on the tax return. The provisions are repealed for taxable years beginning on or after January 1 of the calendar year in which the Franchise Tax Board estimates by September 1 that the contributions made on returns filed in that calendar year will be less than \$250,000, or an adjusted amount.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Article 17 (commencing with Section 18881) is added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, to read:

Article 17. California Arts Council Fund

18881. (a) An individual may designate on the tax return that a contribution in excess of the tax liability, if any, be made to the California Arts Council Fund established by Section 18882. That designation is to be used as a voluntary contribution on the tax return.

(b) The contributions shall be in full dollar amounts and may be made individually by each signatory on a joint return.

(c) A designation shall be made for any taxable year on the initial return for that taxable year and once made is irrevocable. If payments and credits reported on the return, together with any other credits associated with the taxpayer's account, do not exceed the taxpayer's liability, the return shall be treated as though no designation has been made. If no designee is specified, the contribution shall be transferred to the General Fund after reimbursement of the direct actual costs of the Franchise Tax Board for the collection and administration of funds under this article.

(d) If an individual designates a contribution to more than one account or fund listed on the tax return, and the amount available is insufficient to satisfy the total amount designated, the contribution shall be allocated among the designees on a pro rata basis.

(e) The Franchise Tax Board shall revise the form of the return to include a space labeled the "California Arts Council Fund" to allow for the designation permitted. The form shall also include in the instructions information that the contribution may be in the amount of one dollar (\$1) or more and that the contribution shall be used for grants for arts and multicultural programs in local communities.

(f) Notwithstanding any other provision of law, a voluntary contribution designation for the California Arts Council Fund may

1 not be added on the tax return until another voluntary contribution  
2 designation is removed.

3 (g) A deduction shall be allowed under Article 6 (commencing  
4 with Section 17201) of Chapter 3 of Part 10 for any contribution  
5 made pursuant to subdivision (a).

6 18882. There is in the State Treasury the California Arts  
7 Council Fund to receive contributions made pursuant to Section  
8 18881. The Franchise Tax Board shall notify the Controller of both  
9 the amount of refund money that taxpayers have designated  
10 pursuant to Section 18881 to be transferred to the California Arts  
11 Council Fund. The Controller shall transfer from the Personal  
12 Income Tax Fund to the California Arts Council Fund an amount  
13 not in excess of the sum of the amounts designated by individuals  
14 pursuant to Section 18881 for payment into that fund.

15 18883. All moneys transferred to the California Arts Council  
16 Fund, upon appropriation by the Legislature, shall be allocated as  
17 follows:

18 (a) To the Franchise Tax Board and the Controller for  
19 reimbursement of all costs incurred by the Franchise Tax Board  
20 and the Controller in connection with their duties under this article.

21 (b) To the California Arts Council for allocation to programs  
22 that encourage artistic awareness, participation, and expression;  
23 help independent local groups develop their own arts programs;  
24 promote employment of artists and those skilled in crafts in the  
25 public and private sector; and provide for exhibition of artworks  
26 in public buildings throughout California. The funds may not be  
27 used for the administrative costs of the California Arts Council.

28 18884. It is the intent of the Legislature that this article create  
29 an additional funding source for arts and multicultural programs  
30 and be used to supplement, not supplant, other funding sources for  
31 these programs.

32 18885. (a) Subject to subdivision (b), this article shall remain  
33 in effect only until January 1 of the fifth taxable year following the  
34 first appearance of the California Arts Council Fund on the tax  
35 return, and as of that date is repealed, unless a later enacted statute,  
36 that is enacted before the applicable date, deletes or extends that  
37 date.

38 (b) If, in the second calendar year after the first taxable year the  
39 California Arts Council Fund appears on the tax return, the  
40 Franchise Tax board estimates by September 1 that contributions

described in this article made on returns filed in that calendar year will be less than two hundred fifty thousand dollars (\$250,000), or the adjusted amount specified in subdivision (c) for any subsequent calendar year, as may be applicable, then this article is repealed with respect to taxable years beginning on or after January 1 of that calendar year. The Franchise Tax Board shall estimate the annual contribution amount by September 1 of each year using the actual amounts known to be contributed and an estimate of the remaining year's contribution.

(c) For each calendar year, beginning with the third calendar year that the California Arts Council Fund appears on the tax return, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum estimated contribution amount specified in subdivision (b) as follows:

(1) The minimum estimated contribution amount for the calendar year shall be an amount equal to the product of the minimum estimated contribution amount for the prior September 1 multiplied by the inflation factor adjustment as specified in paragraph (2) of subdivision (h) of Section 17041, rounded off to the nearest dollar.

(2) The inflation factor adjustment used for the calendar year shall be based on the figures for the percentage change in the California Consumer Price Index received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.

(d) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.